

Summary of Financial Results (Consolidated)
For the Fiscal Year Ended April 30, 2022
(Japanese GAAP)

June 10, 2022

Listed company: Raccoon Holdings, Inc.

Stock Exchange: Tokyo Stock Exchange

Code: 3031

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Scheduled date of ordinary general meeting of shareholders: July 23, 2022

Scheduled date of commencement of dividend payment: July 25, 2022

Scheduled date of submission of annual securities report: July 28, 2022

Supplementary documents for financial results: Yes

Financial results briefing: Yes (for institutional investors and securities analysts)

(Rounded down to the nearest million yen)

1. Consolidated results for the fiscal year ended April 30, 2022 (May 1, 2021 through April 30, 2022)

(1) Consolidated operating results

(The percentages are year-on-year changes)

	Net sales		EBITDA		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended April 30, 2022	4,789	9.7	1,268	(5.3)	1,126	(5.9)	1,135	(6.7)	354	(55.7)
Year ended April 30, 2021	4,364	25.5	1,339	57.8	1,196	69.4	1,216	71.8	800	77.6

(Note) Comprehensive income
Year ended April 30, 2022 ¥354 million ((55.7)%)
Year ended April 30, 2021 ¥800 million (77.6%)

	Net income per share	Net income per share (diluted)	Return on equity	Ordinary income to total assets ratio	Operating income to net sales ratio
	Yen	Yen	%	%	%
Year ended April 30, 2022	15.97	15.90	6.7	8.6	23.5
Year ended April 30, 2021	36.78	36.19	17.2	9.3	27.4

(Reference) Equity in earnings of affiliates
Year ended April 30, 2022 ¥- million
Year ended April 30, 2021 ¥- million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of April 30, 2022	14,060	5,364	37.6	238.12
As of April 30, 2021	12,452	5,342	42.6	239.23

(Reference) Shareholders' equity
As of April 30, 2022 ¥5,289 million
As of April 30, 2021 ¥5,310 million

(3) Consolidated cash flows

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at end of year
	Million yen	Million yen	Million yen	Million yen
As of April 30, 2022	1,856	(197)	(1,128)	5,333
As of April 30, 2021	184	(43)	(1,972)	4,802

2. Dividends

	Dividend per share					Total amount of dividends	Payout ratio (consolidated)	Dividend on equity ratio (consolidated)
	End of Q1	End of Q2	End of Q3	Year end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended April 30, 2021	—	8.00	—	9.00	17.00	380	46.2	7.8
Fiscal year ended April 30, 2022	—	10.00	—	10.00	20.00	447	125.2	8.4
Fiscal year ending April 30, 2023 (forecast)	—	9.00	—	9.00	18.00		49.0	

3. Forecast of consolidated results for the fiscal year ending April 30, 2023 (May 1, 2022 through April 30, 2023)

(The percentages are year-on-year changes)

	Net sales		EBITDA		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	—	—	—	—	—	—	—	—	—	—	—
Full year	5,500	14.8	1,450	14.3	1,300	15.4	1,300	14.5	810	128.4	36.76

* Notes

(1) Important changes in subsidiaries during the fiscal year (changes in specified subsidiaries resulting in change in the scope of consolidation): None

(2) Changes in accounting principles and changes or restatements of accounting estimates

(i) Changes in accounting policies associated with revisions to accounting standards, etc.: Yes

(ii) Changes in accounting policies other than those specified in (i): None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(3) Number of issued shares (common shares)

(i) Number of issued shares (including treasury stock) at the end of the fiscal year			
April 30, 2022	22,361,043	April 30, 2021	22,361,043
(ii) Number of treasury stock shares at the end of the fiscal year			
April 30, 2022	147,616	April 30, 2021	163,668
(iii) Average number of issued shares during the fiscal year			
Year ended April 30, 2022	22,211,025	Year ended April 30, 2021	21,778,030

*This financial summary is not subject to audit procedures by a certified public accountant or audit corporation.

* Explanation about the proper use of results forecasts, and other special notes

(Cautionary note on forward-looking statements)

The forward-looking statements, including results forecasts, contained in this document are based on information the Company has obtained as of today and certain assumptions the Company considers reasonable. The Company does not guarantee its achievement of the forward-looking statements. Actual results may differ significantly depending on a variety of factors. For the assumptions underlying the results forecasts and notes on their use, please refer to “1. Overview of Operating Results, etc., (4) Future prospects” on page 6 of the accompanying materials.

(How to obtain supplementary information for financial results and information on results briefings)

Supplementary documents for the financial results will be disclosed on the TDnet (Timely Disclosure network operated by the Tokyo Stock Exchange) shortly. Additionally, the Company will hold a results briefing session for institutional investors and securities analysts via a live stream on Friday, June 10, 2022. The video of this results briefing session will be provided on the website promptly after the session is held.

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1. Overview of Operating Results, etc.

(1) Overview of operating results for the fiscal year under review

During the fiscal year under review (May 1, 2021 through April 30, 2022), the Japanese economy saw frequent restrictions and relaxations of economic activities according to the infection status of the novel coronavirus (COVID-19). With progress in vaccinations, the economy moved toward the normalization of economic activities to relax restrictions upon taking thorough measures against infections, and started to show signs of recovery. Meanwhile, the outlook remains uncertain due mainly to surging crude oil and raw material prices, a Chinese economic slowdown caused by a zero-COVID policy and a weakening of the yen.

Under such circumstances, the Raccoon Group worked to expand the infrastructure services it offers for business-to-business transactions based on the management philosophy of "making corporate activities more efficient and convenient." During the fourth quarter under review, with a gradual decrease in cases of the Omicron variant, restrictions were eased in stages and domestic economic activities became slightly more active. In addition, as demand for the Company's services continued on the back of the digital shift in B2B transactions, net sales of both the EC business and the Financial business increased. As a result, consolidated net sales for the fiscal year under review were 4,789,984,000 yen (up 9.7% year on year).

In terms of expenditures, cost of sales increased due to an increase in the amount of guarantees provided in the Financial business resulting from a gradual relaxation of credit screening criteria in anticipation of recovery in the domestic economy. Nonetheless, screening criteria have been controlled appropriately and the ratio of cost of sales continued to be lower than levels seen before the COVID-19 pandemic. In addition, advertising expenses increased by 19.9% year on year as the Company continued efforts to enhance promotional activities, and personnel cost increased by 11.0% due to reinforcement of personnel, while other expenses decreased. As a result, selling, general and administrative expenses increased by 12.2% year on year.

As a result, the Company posted EBITDA of 1,268,568,000 yen (down 5.3%), operating income of 1,126,081,000 yen (down 5.9%), and ordinary income of 1,135,109,000 yen (down 6.7%), for the fiscal year under review, all compared on a year-on-year basis. In addition, the Company recorded an impairment loss of goodwill of 147,564,000 yen as extraordinary losses, as a result of reviewing future plans at RACCOON RENT, Inc., a consolidated subsidiary providing a rent guarantee business, in light of a deterioration in the external environment caused by the prolonged COVID-19 pandemic and other factors. As a result, the Company posted net income attributable to owners of parent of 354,661,000 yen (down 55.7% year on year) for the fiscal year under review.

Results by segment are as follows:

(i) EC business

In Super Delivery, the mainstay service in the EC business, efforts have been made to increase both new membership and gross merchandise value* through improvement in average sale per customer. In the fiscal year under review, the Company strengthened promotional activities aimed at enhancing awareness and increasing the number of customer acquisitions to actively capitalize on the growth in demand on the back of the digital shift of B2B transactions.

As a result, as of the end of the fiscal year under review, the number of Super Delivery members stood at 278,219 (up 58,108), the number of participating companies at 3,171 (up 538), and the number of items displayed at 1,431,200 (down 26,709), all compared with the numbers at the end of the previous fiscal year.

During the fourth quarter under review, with a gradual decrease in cases of the Omicron variant in Japan, restrictions were eased in stages and the number of buying customers steadily increased, causing a steady increase in the national gross merchandise across Japan. Since the gross merchandise value significantly increased owing to products of special demand in relation to COVID-19 in the fiscal year ended April 30, 2021, the gross merchandise value in Japan for the fiscal year ended April 30, 2022 increased only 1.5% year on year, showing a low level of growth. However, the gross merchandise value of ordinary products in Japan excluding transactions in masks and sterilization goods, which are products of special demand, increased by 8.2% year on year. As for the gross merchandise value overseas, both the number of buying customers and average sales per customer increased despite an increase in negative factors such as shipping costs that remained high, delays in delivery due to container shortages, and a deterioration in overseas conditions. Consequently, the gross merchandise value overseas increased by 38.8% year on year.

* To better reflect the nature of transactions facilitated by the Company, what was referred to as "transaction value" in previous materials is now referred to as "gross merchandise value."

As a result, sales in the EC business stood at 2,950,677,000 yen (up 8.5% year on year). In terms of expenditures, the Company continued to implement aggressive promotional activities, resulting in an increase in advertising expenses of 17.3% year on year, while personnel cost increased by 12.7% year on year due to reinforcement of personnel for business expansion. Consequently, segment profit was 1,178,761,000 yen (up 2.6% year on year).

(ii) Financial business

In the Paid service, the number of member companies continued to steadily increase to surpass 4,500. During the fourth quarter under review, a gradual decrease in cases of the Omicron variant and the continued recovery of the domestic economy helped boost the value of transactions per member company. Consequently, the value of transactions outside the Group totaled 25,600,155,000 yen (up 19.4%) and the overall value of transactions (including 9,050,404,000 yen of transactions within the Group) stood at 34,650,560,000 yen (up 13.1%), both compared on a year-on-year basis, recording double digit growth.

In Credit Guarantee services, the Company has continued to actively work on business collaborations with regional banks, etc., for the T&G Credit Guarantee service and the URIHO service, and the number of collaborations steadily increased. In addition, the Company ran taxi advertising for URIHO aimed at enhancing awareness, reaching out to more companies and enhancing service awareness.

Regarding rent guarantee services, the Company continued its efforts to increase name recognition of its services for both business and residential properties among real estate companies.

Guarantees outstanding at the end of the fiscal year under review amounted to 97,106,271,000 yen (30,755,223,000 yen for RACCOON FINANCIAL, Inc. and 66,351,047,000 yen for RACCOON RENT, Inc.), up 15.1% from the end of the previous fiscal year. As a result, sales in the Financial business stood at 2,074,871,000 yen (up 10.1% year on year), recording double digit growth. In terms of expenditures, the amount of guarantees provided increased due to the relaxation of credit screening criteria, but screening criteria has been controlled appropriately and the ratio of cost of sales continued to be lower than levels seen before the COVID-19 pandemic. The Company continued its policy of strengthening promotional activities, resulting in advertising expenses increasing by 32.4% year on year. Personnel cost increased by 12.1% year on year due to reinforcement of personnel for business expansion. Consequently, segment profit totaled 431,584,000 yen (down 17.4% year on year).

(2) Overview of the financial status for the fiscal year under review

Total assets at the end of the fiscal year under review amounted to 14,060,831,000 yen, up 1,608,646,000 yen from the end of the previous fiscal year. Current assets increased 1,923,720,000 yen to 11,796,462,000 yen. The main factors causing the increase were the increase of 1,357,701,000 yen in accounts receivable – trade due to increased transactions. Non-current assets decreased 315,074,000 yen to 2,264,368,000 yen. The main factors for the decrease include the decrease of 244,125,000 yen in investment securities due to recording a loss on valuation of investment securities and the decrease of 180,345,000 yen in goodwill mainly as a result of the recording of an impairment loss of goodwill of a subsidiary.

Liabilities at the end of the fiscal year under review totaled 8,696,242,000 yen, up 1,586,333,000 yen from the end of the previous fiscal year. Current liabilities increased 1,770,413,000 yen to 7,629,575,000 yen. The main factor for the increase is the increase of 2,261,344,000 yen in accounts payable – trade due to increased transactions, while accounts payable – other decreased by 495,184,000 yen. Non-current liabilities decreased 184,079,000 yen to 1,066,666,000 yen. The main factor for the decrease is the decrease of 178,336,000 yen in long-term borrowings due to repayment.

Net assets at the end of the fiscal year under review increased 22,313,000 yen from the end of the previous fiscal year to 5,364,588,000 yen. The main factor for the increase is the increase of retained earnings due to recording 354,661,000 yen of net income attributable to owners of parent and the increase of 43,288,000 yen in share acquisition rights due to recording share-based remuneration expenses, offset by the decrease of 49,219,000 yen in treasury shares due to the grant of shares through an employee stock ownership plan (J-ESOP) and the decrease of 424,856,000 yen in retained earnings due to cash dividends paid.

(3) Overview of cash flows for the fiscal year under review

Cash and cash equivalents (the “funds”) at the end of the fiscal year under review increased 531,047,000 yen from the end of the previous fiscal year to 5,333,916,000 yen. Cash flows from each activity for the fiscal year under review and their primary factors are as follows:

(Cash flows from operating activities)

Net cash provided by operating activities during the fiscal year under review amounted to 1,856,587,000 yen. The main factor for this is an increase of 2,261,344,000 yen in notes and accounts payable – trade.

(Cash flows from investing activities)

Net cash used in investing activities during the fiscal year under review amounted to 197,447,000 yen. The main factors for this are the recording of 129,347,000 yen as purchase of intangible assets primarily for developing software and the recording of 100,000,000 yen as purchase of investment securities.

(Cash flows from financing activities)

Net cash used in financing activities during the fiscal year under review amounted to 1,128,092,000 yen. The main factors for this are the recording of 499,436,000 yen as purchase of treasury shares, the recording of 424,856,000 yen as cash dividends paid, and the recording of 220,006,000 yen as repayments of long-term loans payable.

(4) Future prospects

For the fiscal year ending April 30, 2023, the Company forecasts net sales of 5,500 million yen, EBITDA of 1,450 million yen, operating income of 1,300 million yen, ordinary income of 1,300 million yen, and net income attributable to owners of parent of 810 million yen.

The digital shift in the field of business-to-business transactions has been progressing, and the Company expects that the business environment for the Raccoon Group's services will continue to be favorable.

For the EC business, our policy is to expand gross merchandise value by raising average sales per customer through various measures, such as improving convenience of the website, acquisition of products in high demand and strengthening of promotional activities, while also continuing to increase new memberships.

In the Financial business, the policy for the Paid service is to increase member companies and improve the operating rate by striving to enhance system convenience. In the Credit Guarantee service, the T&G Credit Guarantee service was integrated into the URIHO service on May 31, 2022. The integration enabled us to provide flexible services to meet each customer's requirements in addition to a simple and highly convenient URIHO service. While continuing to explore collaboration partners such as regional banks, we will be active in advertising and promotional activities in an effort to enhance name recognition, increase the number of customers, and expand our market share. For the Rent guarantee services, the Company will work to accumulate guarantees outstanding by expanding the targets to which re-guarantees are offered. With regard to the rate of guarantees provided, in order for us to steadily capture opportunities for business growth brought about by the ongoing favorable business environment and the normalization of economic activity, we will more actively offer credit lines compared to the previous fiscal year. The Company therefore anticipates a slight increase in the rate from the fiscal year ended April 30, 2022.

In terms of expenditures, advertising expenses are projected to increase as the Company will continue efforts to enhance promotional activities in the next fiscal year both in the EC business and the Financial business. We will also be active in hiring engineers and web designers. For the services to grow, we must further improve system convenience and efficiency, and we will therefore reinforce personnel to perform system construction and modification with a sense of speed. Moreover, the Company has been reliant on system construction with self-developed systems to date, but with a view to improving development speed, the Company will promote active use of system engineering services and other outsourcing contractors moving forward. As such, development costs are expected to increase. Meanwhile, the number of recruits for other positions will be fewer than in the fiscal year ended April 30, 2022.

The Company also announced the "Mid-term Management Plan (from the fiscal year ending April 30, 2023 to the fiscal year ending April 30, 2025)." Please see the Plan for more detailed medium- and long-term strategies.

The forward-looking statements above are based on information available to the Company at the time of the announcement and certain assumptions that the Company considers reasonable. Actual results may differ significantly due to a variety of uncertain factors.

2. Basic Policy on Selection of Accounting Standards

The Raccoon Group intends to continue preparing its consolidated financial statements using Japanese GAAP for the foreseeable future, taking into consideration the comparability of consolidated financial statements by term and comparability between companies.

The Raccoon Group intends to appropriately address the adoption of International Financial Reporting Standards considering circumstances in Japan and overseas.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated balance sheets

(Thousand yen)

	End of previous consolidated fiscal year (As of April 30, 2021)	End of consolidated fiscal year under review (As of April 30, 2022)
Assets		
Current assets		
Cash and deposits	4,817,162	5,343,305
Accounts receivable - trade	4,882,133	6,239,835
Rights to claim compensation	48,320	46,923
Supplies	259	276
Prepaid expenses	206,871	196,794
Other	71,663	145,458
Allowance for doubtful accounts	(153,669)	(176,131)
Total current assets	9,872,741	11,796,462
Non-current assets		
Property, plant and equipment		
Buildings	622,859	626,157
Accumulated depreciation	(63,438)	(90,714)
Buildings, net	559,420	535,442
Tools, furniture and fixtures	55,164	45,990
Accumulated depreciation	(36,279)	(26,742)
Tools, furniture and fixtures, net	18,884	19,247
Land	882,140	882,140
Total property, plant and equipment	1,460,445	1,436,830
Intangible assets		
Software	191,348	188,373
Software in progress	27,526	83,962
Goodwill	243,128	62,782
Other	1,777	1,440
Total intangible assets	463,780	336,559
Investments and other assets		
Investment securities	433,898	189,773
Lease and guarantee deposits	11,263	316
Deferred tax assets	196,877	285,927
Other	13,177	14,960
Total investments and other assets	655,216	490,978
Total non-current assets	2,579,442	2,264,368
Total assets	12,452,184	14,060,831

(Thousand yen)

	End of previous consolidated fiscal year (As of April 30, 2021)	End of consolidated fiscal year under review (As of April 30, 2022)
Liabilities		
Current liabilities		
Accounts payable - trade	4,178,065	6,439,410
Current portion of long-term borrowings	220,006	178,336
Accounts payable - other	674,055	178,870
Income taxes payable	175,425	130,019
Allowance for guarantees	80,668	99,196
Provision for bonuses	75,484	85,429
Provision for share-based remuneration	44,532	24,723
Provision for sales promotion expenses	19,770	18,480
Deposits received	9,858	22,918
Asset retirement obligations	—	4,270
Other	381,294	447,920
Total current liabilities	5,859,162	7,629,575
Non-current liabilities		
Long-term borrowings	1,198,336	1,020,000
Asset retirement obligations	1,035	—
Other	51,375	46,666
Total non-current liabilities	1,250,746	1,066,666
Total liabilities	7,109,908	8,696,242
Net assets		
Shareholders' equity		
Capital stock	1,852,237	1,852,237
Capital surplus	1,514,092	1,514,092
Retained earnings	2,443,083	2,372,888
Treasury shares	(499,076)	(449,857)
Total shareholders' equity	5,310,337	5,289,361
Share acquisition rights	31,938	75,227
Total net assets	5,342,275	5,364,588
Total liabilities and net assets	12,452,184	14,060,831

(2) Consolidated statements of income and comprehensive income
(Consolidated statements of income)

(Thousand yen)

	Previous consolidated fiscal year (From May 1, 2020 to April 30, 2021)	Consolidated fiscal year under review (From May 1, 2021 to April 30, 2022)
Net sales	4,364,721	4,789,984
Cost of sales	650,075	838,352
Gross profit	3,714,646	3,951,631
Selling, general and administrative expenses	2,518,476	2,825,550
Operating income	1,196,169	1,126,081
Non-operating income		
Commission income	4,929	3,548
Gain on investments in investment partnerships	39,771	13,560
Miscellaneous income	3,687	3,099
Total non-operating income	48,388	20,208
Non-operating expenses		
Interest expenses	10,647	5,879
Commission expenses	11,326	5,060
Taxes and due	4,892	90
Miscellaneous loss	726	150
Total non-operating expenses	27,592	11,181
Ordinary income	1,216,965	1,135,109
Extraordinary losses		
Loss on valuation of investment securities	—	325,750
Impairment losses	—	147,564
Office relocation expenses	10,856	—
Total extraordinary losses	10,856	473,314
Income before income taxes	1,206,109	661,795
Income taxes - current	360,291	396,184
Income taxes - deferred	44,848	(89,050)
Total income taxes	405,140	307,133
Net income	800,968	354,661
Net income attributable to owners of parent	800,968	354,661

(Consolidated statements of comprehensive income)

(Thousand yen)

	Previous consolidated fiscal year (From May 1, 2020 to April 30, 2021)	Consolidated fiscal year under review (From May 1, 2021 to April 30, 2022)
Net income	800,968	354,661
Comprehensive income	800,968	354,661
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	800,968	354,661

(3) Consolidated statements of changes in equity

Previous consolidated fiscal year under review (from May 1, 2020, to April 30, 2021)

(Thousand yen)

	Shareholders' equity					Share acquisition rights	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity		
Balance at beginning of period	1,187,195	849,051	1,952,147	—	3,988,394	11,317	3,999,711
Changes during period							
Issuance of new shares	665,041	665,041			1,330,082		1,330,082
Dividends of surplus			(310,032)		(310,032)		(310,032)
Net income attributable to owners of parent			800,968		800,968		800,968
Purchase of treasury shares				(499,076)	(499,076)		(499,076)
Net changes in items other than shareholders' equity						20,621	20,621
Total changes during period	665,041	665,041	490,936	(499,076)	1,321,942	20,621	1,342,563
Balance at end of period	1,852,237	1,514,092	2,443,083	(499,076)	5,310,337	31,938	5,342,275

Consolidated fiscal year under review (from May 1, 2021, to April 30, 2022)

(Thousand yen)

	Shareholders' equity					Share acquisition rights	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity		
Balance at beginning of period	1,852,237	1,514,092	2,443,083	(499,076)	5,310,337	31,938	5,342,275
Changes during period							
Dividends of surplus			(424,856)		(424,856)		(424,856)
Net income attributable to owners of parent			354,661		354,661		354,661
Purchase of treasury shares				(456)	(456)		(456)
Disposal of treasury shares				49,675	49,675		49,675
Net changes in items other than shareholders' equity						43,288	43,288
Total changes during period	—	—	(70,194)	49,219	(20,975)	43,288	22,313
Balance at end of period	1,852,237	1,514,092	2,372,888	(449,857)	5,289,361	75,227	5,364,588

(4) Consolidated statements of cash flows

(Thousand yen)

	Previous consolidated fiscal year (From May 1, 2020, to April 30, 2021)	Consolidated fiscal year under review (From May 1, 2021, to April 30, 2022)
Cash flows from operating activities		
Income before income taxes	1,206,109	661,795
Depreciation	105,640	110,824
Amortization of goodwill	38,451	32,781
Share-based remuneration expenses	25,143	43,288
Increase (decrease) in allowance for doubtful accounts	(74,268)	22,462
Increase (decrease) in allowance for guarantees	(44,404)	18,528
Interest and dividend income	(62)	(66)
Interest expenses	10,647	5,879
Loss (gain) on investments in investment partnerships	(39,771)	(13,560)
Loss (gain) on valuation of investment securities	—	325,750
Impairment losses	—	147,564
Relocation expenses	10,856	—
Decrease (increase) in notes and accounts receivable - trade	(674,039)	(1,357,701)
Decrease (increase) in rights to claim compensation	(4,558)	1,396
Decrease (increase) in inventories	(153)	(17)
Increase (decrease) in notes and accounts payable - trade	(187,368)	2,261,344
Increase (decrease) in deposits received	1,246	13,059
Increase (decrease) in advances received	884	41,866
Decrease (increase) in prepaid expenses	(19,286)	10,076
Decrease/increase in consumption taxes receivable/payable	(55,025)	(40,049)
Other	172,340	13,103
Subtotal	472,380	2,298,329
Interest and dividend income received	62	66
Interest expenses paid	(8,951)	(5,840)
Payments of relocation expenses	(7,899)	—
Income taxes paid	(273,479)	(439,013)
Income taxes refund	2,654	3,046
Cash flows provided by (used in) operating activities	184,766	1,856,587
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,217)	(1,360)
Purchase of intangible assets	(77,269)	(129,347)
Purchase of investment securities	—	(100,000)
Proceeds from distributions from investment partnerships	33,089	30,883
Payments for lease and guarantee deposits	—	(8)
Proceeds from refund of leasehold and guarantee deposits	4,200	2,384
Other	685	—
Cash flows provided by (used in) investing activities	(43,512)	(197,447)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(2,640,000)	—
Repayments of long-term loans payable	(344,996)	(220,006)
Cash dividends paid	(310,032)	(424,856)
Proceeds from issuance of shares resulting from exercise of subscription rights to shares	1,325,560	—
Purchase of treasury shares	(96)	(499,436)
Proceeds from disposal of treasury shares	—	21,259
Other	(2,892)	(5,053)
Cash flows provided by (used in) financing activities	(1,972,456)	(1,128,092)
Net increase (decrease) in cash and cash equivalents	(1,831,201)	531,047
Cash and cash equivalents at beginning of period	6,634,071	4,802,869
Cash and cash equivalents at end of period	4,802,869	5,333,916

(5) Notes on consolidated financial statements

(Notes regarding going concern assumptions)

Not applicable

(Changes in accounting policies)

(Application of Accounting Standard for Revenue Recognition etc.)

The Company has adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29; March 31, 2020, hereinafter “Accounting Standard for Revenue Recognition”), etc., since the beginning of the consolidated fiscal year under review. The Company recognizes revenue at the time when the control over committed goods or services is transferred to customers in an amount that is expected to be received in exchange for those goods or services.

There was no impact of this change in accounting policies on the Company’s profits and losses for the consolidated fiscal year under review.

In applying the Accounting Standard for Revenue Recognition etc., the Company follows the transitional treatment stipulated in the provisions of paragraph 84 of the Accounting Standard for Revenue Recognition, and there was no impact of the application of the accounting standards on the Company’s profits and losses for the consolidated fiscal year under review or retained earnings at the beginning of the consolidated fiscal year under review.

(Application of Accounting Standard for Fair Value Measurement etc.)

The Company has adopted the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30; July 4, 2019, hereinafter “Accounting Standard for Fair Value Measurement”), etc., since the beginning of the consolidated fiscal year under review. The Company applies the new accounting policy stipulated in the Accounting Standard for Fair Value Measurement, etc., into the future in accordance with the transitional treatment stipulated in the provisions of paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10; July 4, 2019). There was no impact of this change in accounting policies on the Company’s consolidated financial statements.

(Notes in the case of significant changes in amount of shareholders’ equity)

Not applicable

(Segment information)

[Segment information]

1. Summary of reporting segments

The Company's reporting segments are organizational units for which separate financial information is available, and they are regularly reviewed by the Board of Directors to determine the allocation of management resources and assess business results. In the Raccoon Group, the Company, which is a holding company, formulates comprehensive strategies and engages in overall management, while each business company conducts its own business activities based on those management strategies. Each business company provides infrastructure services for business-to-business transactions with the aim of making corporate activities more efficient and convenient. Business activities are undertaken in an effort to increase sales and profits while striving to improve services.

Accordingly, the Raccoon Group is comprised of segments by service based on business companies, with the two reporting segments of the EC business and Financial business.

The EC business conducts business centered around the operation of Super Delivery, a business-to-business (BtoB) transaction website. The Financial business engages in the operation of the Paid service, a BtoB deferred payment service for transactions between enterprises, the operation of the T&G Credit Guarantee service and the URIHO service, services to provide guarantees for accounts receivables of enterprises from their business partners, and a rent guarantee service.

2. The method of measurements of sales, profits or losses, assets, liabilities, and other items by reporting segment

The method of accounting for reporting business segments is generally the same as that stated in the basis for preparing consolidated financial statements.

Profits for reporting segments are figures based on operating income.

Inter-segment sales and transfers are determined according to prevailing market prices.

3. Information on sales, profits or losses, assets, liabilities, and other items by reporting segment

Previous consolidated fiscal year under review (from May 1, 2020, to April 30, 2021)

	Reporting segment			Adjustment (Note 1)	Consolidated financial statement amount (Notes 2, 3, 4)
	EC	Financial	Total		
Sales					
Sales to external customers	2,720,228	1,644,493	4,364,721	—	4,364,721
Inter-segment sales and transfers	—	239,416	239,416	(239,416)	—
Total	2,720,228	1,883,909	4,604,138	(239,416)	4,364,721
Segment profit	1,149,432	522,515	1,671,948	(475,778)	1,196,169
Segment assets	3,676,579	6,465,617	10,142,196	2,309,987	12,452,184
Segment liabilities	2,395,353	5,411,272	7,806,625	(696,717)	7,109,908
Other items					
Depreciation	38,197	34,421	72,618	33,021	105,640
Amortization of goodwill	—	38,451	38,451	—	38,451
Extraordinary losses	—	10,856	10,856	—	10,856
Increase in property, plant and equipment and intangible assets	21,556	55,260	76,816	17,630	94,447

(Notes) 1. The segment profit adjustment of minus 475,778,000 yen includes company-wide revenues and expenses not distributed to the reporting segments. The company-wide revenues are mostly comprised of management consulting fees and such from each reporting segment and the company-wide expenses are general and administrative expenses and such which are not attributable to reporting segments.

2. Segment profits are adjusted to operating income in the consolidated statements of income.

3. Segment assets are adjusted to total assets in the consolidated balance sheets.

4. Segment liabilities are adjusted to total liabilities in the consolidated balance sheets.

Consolidated fiscal year under review (from May 1, 2021, to April 30, 2022)

(Thousand yen)

	Reporting segment			Adjustment (Note 1)	Consolidated financial statement amount (Notes 2, 3, 4)
	EC	Financial	Total		
Sales					
Sales to external customers	2,950,677	1,839,307	4,789,984	—	4,789,984
Inter-segment sales and transfers	—	235,564	235,564	(235,564)	—
Total	2,950,677	2,074,871	5,025,548	(235,564)	4,789,984
Segment profit	1,178,761	431,584	1,610,346	(484,265)	1,126,081
Segment assets	4,096,931	82,779,913	12,376,844	1,683,986	14,060,831
Segment liabilities	2,805,606	6,906,957	9,712,564	(1,016,322)	8,696,242
Other items					
Depreciation	37,981	34,385	72,367	38,457	110,824
Amortization of goodwill	—	32,781	32,781	—	32,781
Extraordinary losses	—	147,564	147,564	325,750	473,314
(Loss on valuation of investment securities)	—	—	—	325,750	325,750
(Impairment losses)	—	147,564	147,564	—	147,564
Increase in property, plant and equipment and intangible assets	37,125	35,355	72,481	67,852	140,333

- (Notes) 1. The segment profit adjustment of minus 484,265,000 yen includes company-wide revenues and expenses not distributed to the reporting segments. The company-wide revenues are mostly comprised of management consulting fees and such from each reporting segment and the company-wide expenses are general and administrative expenses and such which are not attributable to reporting segments.
2. Segment profits are adjusted to operating income in the consolidated statements of income.
3. Segment assets are adjusted to total assets in the consolidated balance sheets.
4. Segment liabilities are adjusted to total liabilities in the consolidated balance sheets.

[Related information]

Previous consolidated fiscal year (from May 1, 2020, to April 30, 2021)

1. Information by product and service

The classifications of products and services are identical to the reporting segments, and the information is omitted.

2. Information by region

(1) Sales

The information is omitted as sales to external customers in Japan account for more than 90% of sales in the consolidated statements of income.

(2) Property, plant and equipment

The information is omitted as the Company does not have any property, plant and equipment outside Japan.

3. Information by major customer

The information is omitted as no external customer accounts for 10% or more of sales in the consolidated statements of income.

Consolidated fiscal year under review (from May 1, 2021, to April 30, 2022)

1. Information by product and service

The classifications of products and services are identical to the reporting segments, and the information is omitted.

2. Information by region

(1) Sales

The information is omitted as sales to external customers in Japan account for more than 90% of sales in the consolidated statements of income.

(2) Property, plant and equipment

The information is omitted as the Company does not have any property, plant and equipment outside Japan.

3. Information by major customer

The information is omitted as no external customer accounts for 10% or more of sales in the consolidated statements of income.

[Information on items related to impairment loss on non-current assets by reporting segment]

Previous consolidated fiscal year (from May 1, 2020, to April 30, 2021)

Not applicable

Consolidated fiscal year under review (from May 1, 2021, to April 30, 2022)

The information is omitted as the same information is disclosed in the segment information.

[Information on the amortization and unamortized balance of goodwill by reporting segment]

Previous consolidated fiscal year under review (from May 1, 2020, to April 30, 2021)

(Thousand yen)

	EC	Financial	Corporate (common)	Total
Amortization	—	38,451	—	38,451
Unamortized	—	243,128	—	243,128

Consolidated fiscal year under review (from May 1, 2021, to April 30, 2022)

(Thousand yen)

	EC	Financial	Corporate (common)	Total
Amortization	—	32,781	—	32,781
Unamortized	—	62,782	—	62,782

[Information on gain on bargain purchase by reporting segment]
Not applicable

(Per share information)

(Yen)

	Previous consolidated fiscal year (From May 1, 2020, to April 30, 2021)	Consolidated fiscal year under review (From May 1, 2021, to April 30, 2022)
Net assets per share	239.23	238.12
Net income per share	36.78	15.97
Net income per share (diluted)	36.19	15.90

(Note) Net income per share and net income per share (diluted) are calculated based on the following.

	Previous consolidated fiscal year (From May 1, 2020, to April 30, 2021)	Consolidated fiscal year under review (From May 1, 2021, to April 30, 2022)
Net income per share		
Net income attributable to owners of parent (Thousand yen)	800,968	354,661
Amount not attributable to shareholders of common shares (Thousand yen)	—	—
Net income attributable to owners of parent attributable to common shares (Thousand yen)	800,968	354,661
Average number of common shares during the period (Shares)	21,778,030	22,211,025
Net income per share (diluted)		
Adjustment of net income attributable to owners of parent (Thousand yen)	—	—
Increase in number of common shares (Shares)	355,403	94,565
[of which share acquisition rights (Shares)]	[355,403]	[94,565]
Outline of potential common shares not used to calculate net income per share (diluted) because they do not have dilution effect	—	—

(Note) The Company's shares remaining in the employee stock ownership plan (J-ESOP), which have been recorded as treasury shares in shareholders' equity, are included in the treasury shares deducted from the total number of issued shares at the end of the term for the purpose of calculating "Net assets per share" (163,600 shares for the previous fiscal year and 147,313 shares for the fiscal year under review).

In addition, these are included in the treasury shares deducted when calculating the average number of issued shares during the term for the purpose of calculating "Net income per share" and "Net income per share (diluted)" (1,345 shares for the previous fiscal year and 149,812 shares for the fiscal year under review).

(Significant subsequent events)

(Acquisition and cancellation of treasury shares)

At the Board of Directors meeting held on June 10, 2022, the Company passed a resolution regarding the matters related to acquisition of treasury shares according to the provisions of Article 156 of the Companies Act, applicable pursuant to the provisions of Paragraph 3, Article 165 of said Act, and decided to cancel treasury shares pursuant to the provisions of Article 178 of the Companies Act.

1. Reasons for acquisition of treasury shares

To enhance shareholder returns and improve capital efficiency

2. Matters related to acquisition of treasury shares

- | | |
|--|---|
| (1) Class of shares to be acquired: | Common stock |
| (2) Total number of shares to be acquired: | 160,000 shares (Upper limit) |
| (3) Aggregate amount of acquisition cost: | 300,000,000 yen (Upper limit) |
| (4) Period of acquisition: | June 13, 2022, to August 31, 2022 |
| (5) Method of acquisition: | Market purchase on the Tokyo Stock Exchange |

3. Matters related to cancellation of treasury shares

- | | |
|---|---|
| (1) Class of shares to be cancelled: | Common stock |
| (2) Total number of shares to be cancelled: | All treasury shares acquired in 2 above |
| (3) Scheduled date of cancellation: | September 15, 2022 |